

0105

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542

Refer to Expandable 12292006-0002
file in C0070039, 2006, Incoming
for additional information



Task 2730

J. [Signature]
C/007/0039

January 1, 2007

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Permit Area Expansion – Addition of 480 Acres to Federal Lease U-07064 and
120 Acres SITLA lease ML-48435-OBA
Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of revisions to the M&RP associated with the addition of 600 acres to the permit area for Dugout Canyon. The expansion is to accommodate a revised mine plan. One hundred and twenty acres will be added to SITLA lease ML-48435-OBA and 480 acres will be added to Federal lease U-07064-027821. Modified lease documents will be submitted for inclusion into the M&RP, once we receive copies.

No surface disturbance will be associated with the expansion of the permit area at this time. Future surface disturbance will likely be related to exploration and degas well pads and will be permitted as needed.

An archeological study of a proposed drill site within the expanded permit area was performed and submitted to SHPO under State #U06SC1536p, by the consulting firm of Senco-Phenix report number SPUT-542. A copy of this report will be submitted with the amendment proposing the locations for drilling degas wells in 2007.

"Senco-Phenix performed an intensive cultural resource survey on the three proposed drill hole locations.... The purpose of the survey was to identify and evaluate cultural resources that may exist within the project area.

No cultural resources were located and the potential for undetected remains is remote. A finding of no effect is appropriate and archeological clearance without stipulations is recommended."

Land use will be the same as the currently approved portions of both the federal and state leases previously mentioned in the letter.

Water monitoring at sites SC-65, 260 and 259 began prior to 1996 and will continue as described in Chapter 7 of the M&RP. Therefore, baseline data is available to allow evaluation of the effect of mining on water within the proposed lease expansion area. The 600 acres proposed for inclusion into the permit area are currently within the CHIA boundary (Plate 1, Cumulative Impact Area (CIA) Book Cliffs Area II CHIA, Revision Date 6/24/2005, DDean, DOGM).

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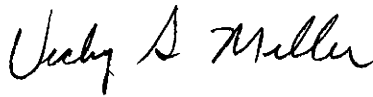
DEC 29 2006

Page 2
January 1, 2007

We appreciate your efforts in completing this review in a timely manner. A copy of this submittal has been delivered to the DOGM Price field office and to the Price BLM Field Office to Steve Rigby.

Thank you for your assistance and if you have any questions please call me at (435) 636-2869.

Sincerely yours,

A handwritten signature in cursive script that reads "Vicky S. Miller".

Vicky S. Miller

cc: Dave Spillman
Pete Hess

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☒ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☐

Permittee: Canyon Fuel Company, LLC

Mine: Dugout Canyon Mine

Permit Number: C/007/039

Title: Permit Area Expansion, Addition of 480 Acres Federal Lease U-07064 and 120 Acres SITLA Lease ML-48435

Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: <u>560</u> Disturbed Area: _____ <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |
- Explain: _____
- | | |
|---|--|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

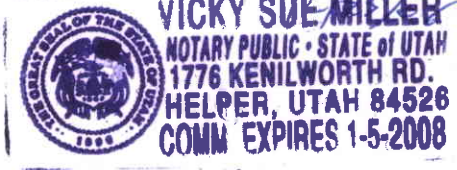
David Spillman
Print Name

David Spillman Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 28 day of December, 2006

Vicky Sue Miller
Notary Public

My commission Expires: 1-5-08, 20
Attest: State of UTAH } ss:
County of CARBON



For Office Use Only: 	Assigned Tracking Number: 	Received by Oil, Gas & Mining <div style="color: red; font-weight: bold; font-size: 1.2em;">RECEIVED</div> <div style="color: red; font-weight: bold; font-size: 1.2em;">DEC 29 2006</div> <div style="color: red; font-weight: bold; font-size: 1.2em;">DIV. OF OIL, GAS & MINING</div>
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APPLICATION FOR COAL PERMIT PROCESSING
Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Canyon Fuel Company, LLC

Mine: Dugout Canyon Mine

Permit Number: C/007/039

Title: Permit Area Expansion - Addition of 480 Acres Federal Lease U-07064 and 120 Acres to State Lease ML-48435

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

[illegible]

Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.

1/1/07 The text and plates in this amendment are part of the M&RP. They should be placed in the M&RP binders only. The expansion is to accommodate a revised mine plan.

No surface disturbance will be associated with the expansion of the permit area at this time. A modified lease document will be submitted for inclusion into the M&RP, once we receive a copy.

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